

EXHIBIT 3



ADM
Corn Processing

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Martin A. Lyons
Eastern Marketing Manager
ETHANOL

December 28, 1994

Tom Martenak
Mobil Oil Corporation
3225 Gallows Road
Fairfax, VA 22037-0001

Dear Tom:

The attached article headlines the primary reason major brand marketers are switching from MTBE to ethanol in RFG areas.

Plain and simple - it is price.

The ethanol blend margins available in the eastern RFG markets is \$.0370/gallon. The attached economic comparison is applicable to any new market program.

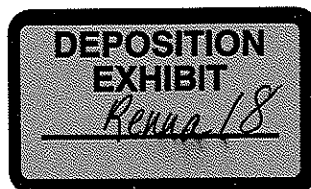
Archer Daniels Midland is positioned to assist your switch to lower cost RFG today. We have the distribution infrastructure in place to deliver your oxygenate requirements by truck, rail, or barge. Also, we are prepared to contract supply and price that provides substantial savings immediately.

We look forward to working with you in the coming year.

Sincerely,

Marty Lyons
Eastern Marketing Manager

ML:vsm
Enclosure



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-- A Division of Archer Daniels Midland Company --

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The Oil Daily

Tuesday, December 20, 1994

Volume 44, No. 243

Midwest Refiners Prepare to Abandon MTBE for Ethanol Price Advantage

By Alan Kouski
Oil Daily Staff Writer

WASHINGTON — Ethanol has gained such a price advantage over methyl tertiary butyl ether (MTBE) that refiners in the Midwest apparently are preparing to switch to ethanol for reformulated and other oxygenated gasolines.

And the price advantage holds true despite the downward drift of MTBE prices — low enough to trigger cutbacks in output at some U.S. plants.

MTBE still was the primary oxygenate listed for reformulation at terminals in the Chicago area last week, but that will not last, said Bill Ludlow, a vice president at DeWitt & Co. Inc.

Ethanol can provide a price advantage of 7¢-8¢/gallon in the Midwest, he said.

Amoco Corp. has said it will switch soon to ethanol for its regular gasoline

in the Midwest, while keeping MTBE in its midgrade and premium gasolines. Sources indicated Shell Oil Co. and Mobil Corp. will do the same.

And once those three switch, the smaller companies will be forced to switch to compete, Ludlow and others said.

Marathon Oil Co. has said it will make ethyl tertiary butyl ether (ETBE) at its Robinson, Ill., refinery. Ashland Oil Inc. is another supplier of ethanol-blended gasoline, and one observer suggested both Ashland and Koch Industries Inc. may follow Marathon's lead and produce ETBE.

That would still leave such prominent companies as Phillips Petroleum Co., Citgo Petroleum Corp. and Unocal Co. as suppliers of MTBE-blended gasoline, unless they are forced to follow the competition.

At the same time, MTBE demand is taking a hit from Pennsylvania's decision.

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Midwest...

(Continued from 1)

sion to take 28 counties out of the reformulation program and the fear that more areas will do the same. Pennsylvania's decision will wipe out about 17,000 b/d of MTBE demand.

That lost demand probably will cut imports, Ludlow said.

MTBE's price has slipped to 94¢-95¢/gallon in the spot market. One industry observer said many producers of the oxygenate were bailing out of the spot market and meeting only contractual commitments on MTBE.

Several U.S. companies are even looking at closing MTBE units, because

feedstock methanol prices are not moving down with MTBE prices, he said.

Methanol contract prices, at \$1.50-\$1.55/gallon, may have reached their peak for now, that observer added. He had heard that planned price increases for January may be abandoned.

The price of ethanol — made in the United States from corn — has been running about \$1.30-\$1.40/gallon, but the federal government gives ethanol a 54¢/gallon tax break, and several states also provide tax breaks.

Oxygen-bearing compounds are needed in smog-fighting reformulated gasoline and the oxygenated-fuels program, which is used to cut carbon monoxide pollution. Analysts expected

ethanol to be the dominant oxygenate in the corn-growing Midwest.

Once ethanol swamps the Chicago and Milwaukee reformulation markets while taking its share of other Midwest sectors — such as reformulated sections of Kentucky and established "gasohol" markets — there still should be enough left over for some other U.S. demand and for export to ethanol-hungry Brazil, one source said.

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Ethanol / MTBE Economic Comparison @ 5.7%

RFG-Northeast

12/27/94

GASOLINE VALUES

MTBE

87- Octane	=	.4700
89- Octane	=	.4850
93- Octane	=	.5025
* MTBE Delivered	=	.9850

ETHANOL

87-Octane	.4700	=	.4700
89-Octane	.4850	=	.4850
93-Octane	.5025	=	.5025
*Ethanol Delivered	1.4350 - .5400	=	.8950
<i>Spot MTBE +</i>	<i>.4500</i>		

.9450 Spot Average GC MTBE
 .0400 Pipe Freight & TP from Gulf Coast
 .9850 MTBE Divd

87 - Octane		
88%	87 =	.4136
12%	MTBE =	.1182

Total Cost = .5318

89 - Octane		
88%	89 =	.4268
12%	MTBE =	.1182

Total Cost = .5450

93 - Octane		
88%	93 =	.4422
12%	MTBE =	.1182

Total Cost = .5604

87 - Octane		
94.3%	87 =	.4432
5.7% Ethanol		.0510

Total Cost = .4942 .0376

89 - Octane		
94.3%	89 =	.4574
5.7% Ethanol		.0510

Total Cost = .5084 .0366

93 - Octane		
94.3%	93 =	.4739
5.7% Ethanol		.0510

Total Cost = .5249 .0355

Margin

87	65%	X	.0376	=	.0244
89	15%	X	.0366	=	.0055
93	20%	X	.0355	=	.0071

.0370

Pooled
Savings

XOM-MT00920-002067

MDL1358hM-0166525